

Memorandum

TO: COMMUNITY & ECONOMIC
DEVELOPMENT COMMITTEE

SUBJECT: UPDATE ON WORK2FUTURE
FY 2012-13

FROM: Jeff Ruster

DATE: November 9, 2012

Approved

Date

Nov 15, 2012

RECOMMENDATION

Accept staff's report of work2future activities and accomplishments to support businesses and job seekers.

BACKGROUND

The Workforce Investment Act (WIA) is administered by the City of San Jose through the Office of Economic Development, in partnership with seven surrounding cities and unincorporated areas in Santa Clara County. The Workforce Investment Board (WIB), operating under the name *work2future*, is composed of 41 members from private industry, the public sector, and community-based organizations. The WIB and its subcommittees provide oversight to ensure adherence to federal regulations and an annually adopted budget. *work2future*, 100% federally funded through the Workforce Investment Act, receives no General Fund money from the City.

work2future directly oversees much of the countywide workforce needs, with One-Stop Career Centers in San Jose (now located at the Kirk, Shirakawa, and Almaden Winery Community Centers), Gilroy, and Morgan Hill. Services are also provided to businesses, at-risk youth and adult job seekers at the State of California's Employment Development Department office in Campbell, and through *work2future*'s Partner Affiliate, Center for Training and Careers (CTC). The One-Stop system is a cooperative effort between state and local agencies, private industry, and community-based organizations to offer comprehensive employment resources and services customized to job seekers and employers.

KEY OPERATIONAL HIGHLIGHTS

During FY 2011-2012, *work2future* continued to meet all of its federally mandated performance outcomes despite the significant increase in the number of clients seeking services and the severe budget cuts experienced over the last several years.

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work2future's private sector-led Board of Directors represents the diversity of Silicon Valley's employers, ranging from large companies such as eBay, Google, and Cisco to small high-growth companies and green employers such as California Waste Solutions. Other Board members include the Job Corps, the Council on Aging, and the State Employment Development Department (EDD).

work2future, as part of the Office of Economic Development, works with employers to form close linkages and strategic partnerships in support of small business-serving City initiatives such as BusinessOwnerSpace.com (BOS), Shop San Jose, and a new web-based small business permitting and business tax tool currently under development.

In September 2011, work2future operations moved into three City-owned community centers designated for re-use by the Department of Parks, Recreation, and Neighborhood Services (PRNS), providing \$528,432 to PRNS for FY 2012-2013 in support of the City's General Fund. The Kirk Community Center at 1601 Foxworthy Avenue houses the Adult/Dislocated Worker program; the Shirakawa Community Center at 2072 Lucretia Avenue provides a hub for youth services; and the Almaden Winery Community Center at 5730 Chambertin Drive houses work2future's Business Services and administrative personnel.

For FY 2012-2013, work2future will contribute to the City a projected amount of approximately \$1.2 million to cover the costs associated with rent, staffing, and overhead.

ECONOMIC CONTEXT

August 2012 marks the 26th consecutive month of job growth; nonetheless, the region's unemployment rate is still at 8.5%, with underemployment (i.e., part time, seasonal or contracted workers looking for full time employment) estimated between 29% and 39%.

San Jose-Sunnyvale-Santa Clara Metropolitan Statistical Area (MSA)	August 2011 Unemployment	August 2012 Unemployment	August 2012 YTD New Jobs	Weeks of Consecutive Job Growth
	9.9%	8.5%	29,600	26

Overall, jobs for highly educated workers in certain sectors were very strong, according to Joint Venture Silicon Valley's 2012 Silicon Valley Index and a pair of studies commissioned by work2future this past year. These are jobs fueled by companies vying for workers in the mobile, Internet, social media and cloud computing industries. At the same time, the median income in the area has fallen, and more students are receiving free or reduced-price lunches – an indication that hard times continue for many. Even as some workers are making more money, many in our workforce are either making less or have not seen their wages improve in the past several years.

The most robust job growth has been in high-paying and low-paying jobs, with relatively little happening in between. Better-educated workers are doing increasingly well, while those with less education are doing less well, even when they find work. For work2future, the challenge is to move the unemployed and the underemployed, especially those with less education, into high-growth, higher-wage jobs that require education or specialized training beyond high school.

Although there were fewer mass layoffs during the past year, work2future responded to 21 Worker Adjustment and Retraining Notifications (WARN) notices, official indications by companies that they intend to make significant reductions to their workforces. In addition, work2future responded to 13 non-WARN businesses regarding their layoffs. Among the employers served were Adobe, Amtrak, AT&T, Cisco, Comcast, eBay, Ecolab, Housing Authority of Santa Clara County, Namco Bandai Games America, Nanosolar, Phillips, Samsung Information Systems, Solyndra, and the State Compensation Insurance Fund. Over 5,070 impacted employees were served through work2future's Rapid Response services.

KEY ACCOMPLISHMENTS

Despite the economic downturn in our local economy since mid-2007, the work2future Board has been able to generate the following accomplishments over the last reporting period:

Exceeded Federally-Mandated Performance Goals for 8th Consecutive Year

work2future, for the eighth consecutive year, met or exceeded all of its federally-mandated performance measures. In addition, work2future's services favorably impact the local economy; as an example, for the 3,053 work2future Adult and Dislocated Worker clients that secured employment during the most recent 12-month reporting period, the cumulative amount of wages they earned was \$52,447,819.

For work2future's Adult and Dislocated Worker clients, these measures focus on securing employment, retaining employment for six months or more, and the wage gain that they incur following their participation in work2future's programs. For youth, the key indicators relate to occupational skills training, obtaining a high school diploma or GED, enhancing basic skills, and securing employment or advancing to post-secondary education.

Despite Significant Budget Cuts, over 6,200 Adult and Dislocated Workers were Served, with another 3,354 Receiving Training and Other Skill Enhancement Services

work2future provides a broad array of intensive services to its Adult and Dislocated Worker clients. Each client receives a customized package of services based on an assessment of individual needs. Through a work2future Talent Coach, clients have access to services related to job readiness and job search skills, such as skills and occupational assessments, resume writing and critique workshops, interviewing and networking workshops and other specialized assistance.

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Each Adult and Dislocated Worker client receives a customized package of six services on average, including many of those mentioned above.

During Program Year (PY) 2011-2012, work2future served a total of:

Adult/Dislocated Worker Clients	3,864
Carried-Over Clients (enrolled in the previous year)	2,382
	=====
TOTAL Adult & Dislocated Workers Served	6,246

work2future serves a wide variety of Adult and Dislocated Worker job seekers, from former NUMMI workers with high school diplomas to Cisco and Solyndra workers with post graduate degrees and extensive, high-end managerial experience, to long-term unemployed individuals with multiple barriers to employment. For example, 38% of work2future's clients state that they have some college or more, while 54% say they have a high school diploma or less. In addition, 29% have two or more barriers to employment (e.g., basic skill deficient, low-income), while 21% have no barriers.

Over the last 12 months, work2future provided over 3,354 individuals with skill-building activities, including certificated workshops, for-credit college courses, and online classes, as well as traditional vocational instruction from training providers on the State's Eligible Training Provider List (ETPL). Training partners included San Jose State University, San Jose and Evergreen Community Colleges, and approximately 60 other institutions.

Small Business Permitting and Business Tax Tool to Streamline Business Processes

The City of San Jose is home to more than 50,000 small businesses that provide a broad range of goods and services and represent a driving force in job creation and innovation. work2future assists the City's Business Outreach team and provides additional support to small business because self-employment and small business ownership are alternate paths for unemployed residents.

Small business owners and entrepreneurs face significant time and resource constraints and need intuitive, 24/7 resources and roadmaps to quickly secure the information and support they need to start and grow their businesses. From the City's perspective, the sheer number and diversity of small businesses necessitates that the City utilize technology to the fullest extent in order to meet, in a timely and appropriate manner, the needs of small business.

work2future has secured a Small Business Administration grant and is leading the Citywide effort, coordinating eight other City departments to develop a web-based small business permitting and business tax tool. Through this streamlining process, it is anticipated that work2future will be able to identify and eliminate redundancies, and expedite small businesses to secure the required business tax certificates and permits. Staff further anticipates launching a beta version of the portal in January 2012, with the fully operational version available in June 2013.

Over \$5 Million in Discretionary Grants to Assist with Mass Layoffs

In response to recent large layoffs at Cisco and Solyndra, work2future applied for Additional Assistance Project grants and received \$5,027,730 to provide services for affected workers from the two companies. work2future will use these grants to provide additional services such as training, workshops, support services and job placement.

To maximize resources and for more efficient service delivery, grant-related services are provided at the Cisco/Solyndra Career Advancement Center. In addition, highly skilled and experienced staff were hired to administer services which include access to a unique artificial intelligence tool for facilitated job search, resume development and resume search.

Purpose of Grant	Numbers to be Served	Grant Amount
Solyndra Layoffs	300	\$2,025,000
Cisco Systems Layoffs	300	\$3,002,730
Total	600	\$5,027,730

These discretionary grants have played a key role in supplementing work2future's formula funding, reduced substantially in recent years.

Employer Recruitment Efforts Support Businesses and Job Seekers

Over the last year, work2future provided 101 special recruitments, 12 large job fairs and over 3,000 posted job openings for a variety of business sectors such as Clean Tech, High Tech, Hospitality, Healthcare, Retail and Finance.

On October 10, 2012, work2future sponsored a job fair at the Santa Clara County Fair Grounds for 50 employers to fill over 2,000 openings, and nearly 900 job seekers met with company representatives. In addition, work2future partnered with San Jose State University to assist with their two annual job fairs which together involved over 300 employers and close to 4,000 job seekers.

Specialized recruitments were held for companies such as Clean Solar, State Farm, AT&T, Target, PG&E, Sears, Safeway, Green Waste Solutions, MDT Personnel, Byers Leaf Guard, Maloney Security, Road Dog Drivers, Home Depot, Mi Pueblo, Manpower, Dynamic Office, Pacific Protection, AOpen, Balance Staffing, Green Pro, FedSys, Sunflower Farmers Market, Neighborhood Markets, Walmart, Slingshot, Cornerstone Staffing, Aramark, Rangstad, Culinary Staffing and Premier Windows.

BusinessOwnerSpace.com (BOS) Assists Businesses to Start and Grow

The collaborative BusinessOwnerSpace.com partnership started in 2007 continues to build momentum and commitment from its 41 partners. As a key component of the City's updated Economic Development Strategy, BOS and its partners served or connected over 68,000

businesses and entrepreneurs to a broad range of free or low-cost business support assistance. The BOS website has been significantly enhanced and is also available in Spanish and Vietnamese, with new information and resources to assist businesses to locate commercial space, find procurement opportunities, and grow using social media.

Shop San Jose

Launched last fall during another City-supported networking event, Festiv'ALL 2011, the Shop San Jose Initiative seeks to support the approximately 50,000 small businesses located in San Jose to foster their business through the strategic use of social media. Discussions are underway with a new partner, ShopSanJose.com, to leverage the company's dynamic website. This and other new relationships will supplement the contributions of social media companies such as Yelp and Dishcrawl. Window clings promoting the Shop San Jose Initiative are being distributed to San Jose chambers of commerce, business associations and neighborhood business districts.

Global Business Foundation of Silicon Valley

On May 18, 2012 in the City Hall Rotunda, work2future/Office of Economic Development hosted the Second Annual International Summit on Entrepreneurship and Innovation. At this event the Global Business Foundation of Silicon Valley (GBF) was launched to support international entrepreneurs, with an emphasis on the advantages of Silicon Valley for international business development and the leading role that San Jose provides as a platform for global business innovation.

This year's partnership with Cleantech Open, BusinessOwnerSpace (BOS) and TechBA brought together 150 entrepreneurs from around the world and convened Silicon Valley business and city leaders, entrepreneurs and investors to discuss the future of Silicon Valley and its continued leadership in entrepreneurship and innovation.

work2future Youth Programs Trained 300 At-Risk Youth

In FY 2011-2012, through a combination of work2future's Green Cadre team and contractor-provided training (Workforce Institute, Center for Training and Careers, and the San Jose Conservation Corps) a total of 300 youth, ages 18-21, were provided with workforce preparation training. Most of the youth participants had significant barriers to employment and education, as shown below:

Major Youth Barriers to Employment, FY 2011-2012	
Low Income per federal poverty guidelines	97%
Basic Skills Deficient with reading and/or math skills at 8 th grade or below	92%
Poor Work History	38%
Single Parent or Pregnant/Parenting	15%
Offender	11%

Over the last year, work2future's youth program exceeded each of the Department of Labor's performance measures: (1) placement in employment or postsecondary education, (2) a gain of at least one educational functioning level (i.e., a gain of nearly two grade levels) on a test of Adult

Basic Education in math or reading, and (3) attainment of a degree or an industry-recognized career technical certification (e.g., OSHA 10, Certified Electronic Health Records Specialist, National Retail Federation Customer Service).

After a long period of study and community input, work2future transitioned on July 1, 2012 to a new youth service delivery system designed to provide additional training options for youth and increase service delivery efficiencies, while targeting outreach and recruitment to high-need neighborhoods and increasing linkages with programs on the Mayor's Gang Prevention Task Force.

Under the new youth system, training services are hosted primarily at the work2future Youth Training Center, also within a high-need area. Enrolled youth have over a dozen career technical courses from which to choose, with additional courses being developed through an RFQ process that will increase the number of providers eligible to provide training for enrolled youth.

Green Cadre

Since 2010, the Green Cadre program has used a service learning/civic engagement model to prepare youth for employment through community service activities and internships with employers. This approach allows the youth to develop lasting relationships with adult role models while providing them with basic work readiness skills, industry-recognized certifications, and a positive attachment to our community through their community service activities. Since 2010, Green Cadre participants have provided some 4,000 hours of community service, working at parks, recycling centers, and nonprofit organizations including Goodwill, Habitat for Humanity, Rebuilding Together, and others.

Green Cadre participants learn and practice recycling, reusing and reducing usage, thus adding value to their industry certifications as employers of all types adopt clean and green principles to improve their bottom line.

work2future's Research Drills Down on Regional Employment Trends

As work2future grapples with the challenges of the region's employment market described previously, the availability of current information is essential. To that end, work2future placed its research emphasis in 2012 on probing more deeply into matters that had been the subject of new studies in 2011.

Underemployment Study

This year work2future commissioned an update to the 2011 Underemployment Study, reviewing key concepts and its understanding of underemployment in Silicon Valley and gathering input from employers on recruiting, hiring and training. Additional attention was paid to unemployed and underemployed workers to assess how underemployment has changed in Silicon Valley over the last 12 months and what has remained consistent.

Based on the study's recommendations and given the magnitude of underemployment in San Jose and Santa Clara County (estimated between 29.4% and 39.4%), work2future has developed new strategies to focus not just on getting people back to work, but on getting people back to

fully productive employment, from developing new training options to streamlining service delivery. As an example, work2future has developed a more robust protocol for identifying and connecting skilled, experienced job seekers to the needs of employers. We are also exploring the use of technology to match the initial assessment with the most appropriate online training.

The effective connectivity with a range of technological applications is critical to ensure that job seekers can move quickly to gather the appropriate feedback to determine where they are and what they need to do to progress along their chosen career path.

Contract Manufacturing Study

In February 2012 work2future commissioned a study to conduct an assessment of contract manufacturing in Silicon Valley. In Santa Clara County, contract manufacturing firms employ 4.8% of the 7,500 workers in all types of manufacturing. The goals of the research included identifying characteristics of contract manufacturers, distinguishing trends between firms conducting work for emerging and established products, assessing employment growth and opportunities for the future, developing skill profiles of occupational categories, addressing hiring challenges, reviewing educational programs, and developing recommendations for economic development policy.

As part of the contract manufacturing study, employers discussed two types of strategies to support the continued growth of contract manufacturing in Silicon Valley. The first approach focused on economic development strategies that expand the ability of contract manufacturers to connect and work with local and regional original equipment manufacturers (OEMs). The second type of strategy focused on human capital development and providing interns and entry-level employees trained and ready to become productive employees within the industry.

The conclusions and recommendations of the study indicated two opportunities for workforce development in support of Silicon Valley's contract manufacturing community: (1) expand foundational training in applied engineering, machining skills, and product design; and (2) introduce students and job seekers to contract manufacturing internships and related entry-level opportunities.

Findings from the study indicated that contract manufacturers have recently grown considerably faster than the general manufacturing sector in Santa Clara County. The employers interviewed for the study reported growth of approximately 15% in 2011, and anticipated continued employment growth to be closer to 20%. Half of the employers expect their companies to grow in 2012, with 38% expecting no change and 12% unsure or expecting to downsize.

As a direct result of the recommendations from the Contract Manufacturing study, work2future has partnered with Foothill-De Anza Community College District to offer a cohort training program for CNC Machine Operators for winter 2013. The program's curriculum includes state-of-the-art theory, procedures, and computer programs utilized in Silicon Valley and provides a strong foundation for employment in local industries with growing contract manufacturing companies.

Older Worker Study

work2future also began taking a closer look at the particular challenges faced by older workers in the Valley, who have borne the brunt of recent layoffs. Thus far, the effort has informed work2future that older workers have a harder time finding employment after being laid off, compared to their 30 to 45-year-old counterparts, and thus remain jobless longer. At the same time, it has also become apparent that options available to the much younger cohort (ages 18 to 29) that also tends to face long-term unemployment are much less viable for older unemployed.

The consultants have completed the survey work, and are now drafting the findings. Early indications show some correlation between the Older Worker study and the Underemployment study. It appears that older workers in our local area may be taking more time to find new employment than older workers nationally. Preliminary results indicate that the duration of unemployment for work2future's job seeking customers 50 and over is an average of 63-64 weeks, which is 9-12 weeks longer than the national average for workers their age.

These studies have given work2future, its partners, and other local WIBs fresh insights into the opportunities and challenges facing workers and small business owners in the wake of the Great Recession. These findings have already resulted in important changes to work2future's service delivery, use of technology, training focus, and outreach activities.

work2future Funding Sources

work2future's Operating Budget for FY 2012-2013 is \$21,199,588 as of November 2012, consisting of WIA formula and Rapid Response funds, discretionary grants and funding carried over from prior years. work2future continues to tap additional discretionary resources and leverage services provided by other partners to augment funding shortfalls. This approach has allowed work2future to endure significant budget reductions in the past, while still exceeding its State-mandated performance and regulatory requirements and maintaining customer satisfaction ratings of nearly 85%.

Looking Ahead

In the upcoming 12 months, work2future will support new initiatives and address legislation-related challenges.

work2future Foundation

Last year, work2future established a 501(c) 3, the work2future Foundation, to augment funding and increase services for targeted populations. Recently, work2future's Board members have decided to focus on two new initiatives expanding services to veterans and the underemployed. At its meeting of September 20, 2012, the Board of Directors voted to create a new Private Employer Business Council Committee to convene resources in support of these initiatives, and additionally to address the strategic planning requirements for work2future's designation as a high performing Workforce Investment Board. In conjunction with these efforts, work2future's

Board will be exploring additional refinements to its current organizational model for service delivery as perhaps linked to the rollout of the work2future Foundation.

Small Business Permitting and Business Tax Tool


Begun last year, the implementation of a business customer-focused web portal has centered on creating an easily navigated system with a cohesive look and feel consistent with the City of San Jose's messaging efforts. Staff will work with existing information databases to streamline business-related processes, anticipating beta testing in January 2013 and launch in June 2013.

Anticipated Budget Reductions for FY 2013-2014

Based on reports from National and California Workforce Associations, work2future anticipates FY 2012-2013 budget cuts of 15% to 25%. It remains uncertain as well whether renewed attempts to completely eliminate the Workforce Investment Act will rise again, as occurred with House of Representatives proposals entertained during last year's federal budgetary process.

Historically, work2future has dealt with funding reductions by adopting a mandated carry-over reserve of 15% of its current year allocation, tapping additional discretionary resources and leveraging the services of its partners to mitigate the impact on clients' service levels.

work2future will continue to be actively engaged in national, State and local efforts to support funding for WIA and the workforce development community.



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